



NEBRASKA

SUGARBEET GROWERS ASSOCIATION

PO Box 466 🌿 Scottsbluff, NE 69363 🌿 Phone (308) 436-5824 🌿 Fax (308) 436-5437

Governor Heineman, Director Ibach. I'm Nick Lapascotes, President of the Nebraska Sugarbeet Growers Association. On behalf of the beet growers, shareholders and employees of the Western Sugar Cooperative I appreciate this opportunity to address the Governor's 2007 Farm Bill Listening Session.

The Western Sugar Cooperative is a grower owned Cooperative that not only operates in western Nebraska but also in Colorado, Montana and Wyoming. Currently we have 1,283 Shareholders producing sugar beets within the four state region including 417 Shareholders producing sugar beets in 13 western Nebraska counties. Last year in the state of Nebraska we employed 206 full time and 106 seasonal employees, which does not include approximately 400 seasonal employees engaged by temporary services to man receiving stations and trucking company employees.

The Cooperative has 5 operating factories and 7 terminals throughout the 4 state region. Of which we operate a factory in Scottsbluff, Nebraska and terminals in Bayard, Gering and Mitchell, Nebraska. Last year we had a total financial impact of over 201 million dollars of which over 60 million was spent right here in Nebraska. This expenditure includes grower payments, payroll, local purchases, unemployment compensation, workers compensation and property tax.



NEBRASKA

SUGARBEET GROWERS ASSOCIATION

PO Box 466 Scottsbluff, NE 69363 Phone (308) 436-5824 Fax (308) 436-5437

Like other American farmers, the biggest threats to our livelihoods are bad weather, pests, disease, and low market prices. But I'm sad to say that the greatest threat to American sugar farmers is the United States Trade Representative. USTR wants to negotiate our market away to subsidized foreign sugar producers, without even addressing any of the government subsidies in those countries.

Each trade agreement that passes with additional commitments to import subsidized foreign sugar, like the CAFTA – or the TAFTA, with Thailand – dooms more American sugar farmers, like my neighbors and me, to the unemployment line. Importing more foreign sugar; means exporting more American sugar jobs.

The current U.S. sugar policy is working for the U.S. consumers and tax payers and is giving American sugar farmers the opportunity to survive and compete in a world of highly subsidized foreign sugar producers.

Aside from these trade agreements, the no-cost U.S. sugar policy is working and should be allowed to continue in the next Farm Bill. Trade agreements should not take away American sugar farmers' ability to exist, to compete for the U.S. sugar market, and to have a place alongside other commodity programs in the Farm Bill.



NEBRASKA

SUGARBEET GROWERS ASSOCIATION

PO Box 466 ☙ Scottsbluff, NE 69363 ☙ Phone (308) 436-5824 ☙ Fax (308) 436-5437

U.S. sugar policy is working for American consumers.

- In other developed countries, consumers pay 30% more for their sugar than American consumers do.
- Sugar is more affordable here than in any other country in the world (in terms of minutes of work to purchase one pound), with the lone exception of tiny Singapore.
- Consumer prices for sugar in this country are virtually unchanged since the early 1990's.

U.S. sugar policy is working for American taxpayers.

- U.S. sugar policy has been designed to operate at no cost to U.S. taxpayers since 1985 – the last year we received a support price increase. We derive all our income from the marketplace; we receive *no* income supports from the government when market prices fall.

Over the past 15 years (1991-2005) government outlays for other commodity programs have totaled \$215 billion. Government net *revenues* from sugar policy over the same period have been \$110 million.



NEBRASKA

SUGARBEET GROWERS ASSOCIATION

PO Box 466 Scottsbluff, NE 69363 Phone (308) 436-5824 Fax (308) 436-5437

U.S. sugar policy is unique among U.S. commodity programs. Under all commodity programs, the government offers farmers operating loans which they can satisfy by repaying the loan with interest or by forfeiting to the government the crop they put up as collateral. While other programs also provide income support to farmers when market prices fall below the loan rate, sugar policy does not, and is designed to run at no cost to the government by avoiding loan forfeitures.

Sugar policy is an inventory management program. The Secretary of Agriculture has two tools to manage the market: a WTO-legal tariff-rate quota (TRQ) to control imports, and a marketing allotment program to control domestic supplies.

The TRQ is a tool of limited use. The government cannot reduce imports below the minimum to which it has committed in trade agreements: 1.256 million short tons in the WTO and up to 276,000 short tons of surplus production from Mexico in the NAFTA.

Essentially by subtracting required imports from anticipated consumption, and allowing for reasonable stock levels, USDA calculates the amount of sugar that could be marketed each year without the risk of depressing prices and inviting loan forfeitures. Farmers can



NEBRASKA

SUGARBEET GROWERS ASSOCIATION

PO Box 466 Scottsbluff, NE 69363 Phone (308) 436-5824 Fax (308) 436-5437

plant as much beets and cane as they want, and process as much sugar as they want, but they may not be able to sell it all onto the market. Sugar processors must store, at their own expense, whatever USDA judges to be in excess, until the market requires the sugar.

Conclusion

U.S. sugar policy is working for American taxpayers and consumers. It is giving American sugar growers a chance to survive in a highly subsidized and distorted world market.

The greatest threat to continued no-cost operation of this successful policy is the hoard of FTAs with sugar-exporting countries that could carve up our market to subsidized foreign producers, without addressing any of the foreign subsidies that so badly distort the world market. These foreign distortions must be addressed, but that can only occur in the multilateral context of the WTO.

We urge that the highly successful no-cost U.S. sugar policy be retained in the next Farm Bill.

If you have any questions I would be glad to answer or if you need additional information I would be glad to provide.

Thanks again for this opportunity.